

Message Text

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TAGS: ACLM, SCUL, UR, US

SUBJ: UNITED EURAM LAWSUIT AGAINST SOVIET AND U.S.
GOVERNMENT

1. THE USSR AND GOSKONSERT AND USG HAVE BEEN SUED BY
UNITED EURAM CORPORATION FOR ALLEGED MULTI-MILLION DOLLAR
DAMAGES ARISING OUT OF TOURS LAST FALL BY SOVIET PERFORMING
ARTS GROUPS ESTRADA AND YATRAN. SERVICE HAS BEEN MADE ON
THE USG AND THE U.S. ATTORNEY'S OFFICE IN NEW YORK IS OUR
REPRESENTATIVE. AT THE SUGGESTION OF L AND THE U.S.
ATTORNEY, EUR/SOV HAS ADVISED THE SOVIET EMBASSY TO RETAIN
COUNSEL, BUT TO OUR KNOWLEDGE THEY HAVE NOT YET DONE SO.

2. IN THE SUIT, EURAM CONTENDS THAT SOVIET CONTRACT
VIOLATIONS COST EURAM TWO MILLION DOLLARS IN EXPENSES AND
LOST REVENUES ON ESTRADA, AND ONE MILLION ON YATRAN, AND
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THAT USG IS LIABLE FOR THREE MILLION AS GUARANTOR. CLAIM
AGAINST SOVIETS IS BASED ON ALLEGATION INTER ALIA THAT
ESTRADA PRODUCTION SENT BY SOVIETS LAST SEPTEMBER WAS
INFERIOR TO GROUP PREVIEWED IN USSR BY EURAM REPRESENTA-
TIVE LEO HENZEL AND LACKED PUPPET ACT AND ORCHESTRA, AND
THAT SOVIETS UNILATERALLY CUT SHORT YATRAN TOUR AND BROKE

CONTRACT FOR YATRAN PERFORMANCES AND TELEVISION TAPING IN ENGLAND. CLAIM AGAINST USG ALLEGES THAT USG ENCOURAGED ITS CITIZENS TO ENTER INTO COMMERCIAL ARRANGEMENTS WITH SOVIET GOVERNMENT AND GOSKONSERT, IMPLYING THAT SOVIETS WOULD HONOR AGREEMENTS AND ALLEGING THAT INTERGOVERNMENTAL DOCUMENTS CITED MADE USG EXPRESSLY AND IMPLICITLY GUARANTOR AND SURETY OF CONTRACTS WITH EURAM. IN THIS CONNECTION, COMPLAINT CITES BASIC PRINCIPLES OF RELATIONS SIGNED IN MAY 1972, CULTURAL RELATIONS AGREEMENT OF JUNE 1973, AND PROGRAM OF EXCHANGES SIGNED IN OCTOBER 1976.

3. CLERK OF COURT ON JAN. 31 SENT COPIES OF COMPLAINT AND SUMMONS IN ENGLISH AND RUSSIAN TO SOVIET FOREIGN MINISTRY, SOVIET MINISTRY OF CULTURE, AND TO GOSKONSERT VIA CERTIFIED INTERNATIONAL MAIL. RECEIPTS NOT YET RECEIVED. DEFENDANTS HAVE 30 DAYS FOLLOWING RECEIPT OF SUMMONS TO REPLY. SOVIET GOVERNMENT AND CULTURE MINISTRY MAY CLAIM IMMUNITY PROVIDED THEY DID NOT PARTICIPATE DIRECTLY IN COMMERCIAL ARRANGEMENTS, BUT GOSKONSERT AS PARTY TO A COMMERCIAL AGREEMENT MAY NOT.

4. WE DO NOT EXPECT EMBASSY TO BE APPROACHED ON THIS MATTER, BUT IF QUERIED, FOLLOWING IS GENERAL GUIDANCE: IN LIGHT OF PENDING SUIT, EMBASSY SHOULD AVOID ANY DISCUSSION OF CASE WITH EURAM OR THIRD PARTIES. PRESS
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QUERIES SHOULD BE REFERRED TO DEPARTMENT. DISCUSSION WITH SOVIETS SHOULD BE LIMITED TO QUESTIONS OF FACT; NONFACTUAL QUESTIONS SHOULD BE REFERRED TO DEPARTMENT. EMBASSY MAY REITERATE RECOMMENDATION THAT SOVIETS ENGAGE COUNSEL IN U.S.

5. FOR YOUR INFO WE ARE HOPING TO HAVE COMPLAINT DROPPED AS TO USG ON BASIS OF LACK OF JURISDICTION OF US DISTRICT COURT FOR AMOUNT INVOLVED; IF THIS SHOULD NOT SUCCEED WE ARE OPTIMISTIC THAT WE WOULD SUCCEED ON MOTION FOR SUMMARY JUDGEMENT ON BASIS THAT IT IS QUITE CLEAR THAT DOCUMENTS CITED BY COMPLAINT DO NOT GIVE RISE TO GUARANTOR/SURETY OBLIGATION ON PART OF USG.

6. DEPT. IS POUCHING COPY OF COMPLAINT.
VANCE

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NNN

*** Current Handling Restrictions *** n/a

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